

## **Unfair Allocation of Credit Risk in Ontario's Electricity Industry**

(Submitted jointly by the OCC Energy Committee and the Hamilton Chamber of Commerce)

### **Issue:**

The core issue is that with local public utilities corporations becoming independent operationally, of the Municipal Governments, they can no longer simply charge accounts in arrears on to the tax roles as they previously could. Thus local hydro companies have had to establish procedures, like any other business, to adequately protect against credit risk in order to attract investment, meet obligations to lenders and shareholders and ensure the sustained provision of high quality services to all hydro customers.

### **Background:**

Their original proposal was to ask all users to make deposits of their three highest months of hydro usage. However, upon reviewing our concerns, Hamilton Utilities Corp. reviewed their policy & decided to implement it prospectively by requiring security for two months of energy billings for new residential customers determined to be high credit risks and all new commercial customers.

### **RECOMMENDATION:**

The Ontario Chamber of Commerce urges the Government of Ontario to: Modify the appropriate regulation to mitigate local distribution companies' credit risk exposure to non-distribution charges.